

S&P Dow Jones Indices

A Division of **S&P Global**

S&P Select Industry Indices *Methodology*

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Introduction

Index Objective

The S&P Select Industry Indices measure the performance of stocks comprising specific Global Industry Classification Standard (GICS®) sub-industries or groups of sub-industries. Membership is based on a company's GICS classification, as well as liquidity and market capitalization requirements. The indices are equal-weighted, subject to concentration and liquidity requirements defined in *Index Construction*.

Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein. References throughout the methodology direct the reader to the relevant supporting document for further information on a specific topic. The list of the main supplemental documents for this methodology and the hyperlinks to those documents is as follows:

| Supporting Document | URL |
|--|---|
| S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology | Equity Indices Policies & Practices |
| S&P Dow Jones Indices' Index Mathematics Methodology | Index Mathematics Methodology |
| S&P Dow Jones Indices' Float Adjustment Methodology | Float Adjustment Methodology |
| S&P Dow Jones Indices' Sector Classification System: Dow Jones Indices | Sector Classification System: Dow Jones Indices |

This methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of each index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of S&P Dow Jones Indices so that the index continues to achieve its objective.

Eligibility Criteria

Index Eligibility

To qualify for membership in the index, at each quarterly rebalancing, a stock must satisfy the following criteria:

1. Be a member of the S&P Total Market Index (TMI).
2. Be classified as a primary sub-industry stock (primary stock) for the respective index as outlined in the *Membership Classification* table.
3. Meet one of the following float-adjusted market capitalization (FMC) and float-adjusted liquidity ratio (FALR) requirements:
 - a. Be a current constituent, have an FMC greater than or equal to US\$ 300 million, and have an FALR greater than or equal to 50%.
 - b. Have an FMC greater than or equal to US\$ 500 million and an FALR greater than or equal to 90%.
 - c. Have an FMC greater than or equal to US\$ 400 million and an FALR greater than or equal to 150%.
 - d. Some of the S&P Select Industry Indices have different market capitalization and float-adjusted liquidity ratio requirements. Please see *Appendix I* for index specific requirements.
4. In the event that fewer than 35 stocks are selected for each index using the eligible primary stocks, certain indices, as outlined in the *Membership Classification* table, will select stocks for inclusion from a supplementary list of highly correlated sub-industries (supplementary stocks). Supplementary stocks are selected by the following process:
 - a. All eligible primary stocks are added to the index.
 - b. If there are 35 or more eligible primary stocks, then any supplementary stocks currently in the index are deleted.
 - c. If after step 1 there are less than 35 eligible primary stocks, then supplementary stocks meeting the relevant market capitalization and liquidity thresholds are added in order of their FMC from largest to smallest until the minimum constituent count of 35 stocks is met.
 - d. A buffer is applied in step 3 such that a supplementary stock being added must have an FMC greater than 1.2 times (or 20% higher than) the supplementary stock it is replacing. This buffer is evaluated on each supplementary stock addition relative to the current supplementary stock it is replacing. For example, the largest non-index supplementary stock by FMC is evaluated against the smallest supplementary index constituent, the second largest non-index supplementary stock is evaluated against the second smallest supplementary index constituent, etc. This process is repeated until no supplementary additions exceed the buffer.
5. Additionally, minimum FMC requirements may be relaxed for all indices to ensure that there are at least 22 stocks in each index as of each rebalancing effective date.

For more information on the S&P TMI, please refer to the S&P U.S. Indices Methodology available at www.spdji.com.

Liquidity. The liquidity measurement used is float-adjusted liquidity ratio (FALR), defined as dollar value traded over the previous 12-months divided by the FMC as of the rebalancing reference date.

The length of time to evaluate liquidity is reduced to the available trading period for IPOs or spin-offs that do not have 12 months of trading history. In these cases, the dollar value traded available as of the rebalancing reference date is annualized.

Takeover Restrictions. At the discretion of S&P Dow Jones Indices, constituents with shareholder ownership restrictions defined in company bylaws may be deemed ineligible for inclusion in the index. Ownership restrictions preventing entities from replicating the index weight of a stock may be excluded from the eligible universe or removed from the index. S&P Dow Jones Indices will provide up to five days advance notification of a deletion between rebalancings due to ownership restrictions.

Multiple Share Classes

Each company is represented once by the Designated Listing. For more information regarding the treatment of multiple share classes, please refer to Approach B within the Multiple Share Classes section of the S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Membership Classification

| S&P Select Industry Index | GICS Sub-Industries (GICS Code) |
|---------------------------|---|
| Aerospace & Defense | Aerospace & Defense (20101010) |
| Banks | Asset Management & Custody Banks (40203010)* Diversified Banks (40101010) Regional Banks (40101015) Other Diversified Financial Services (40201020) Thrifts & Mortgage Finance (40102010) *Must also meet the North American Industry Classification (NAICS) of Depository Credit Intermediation (5221). |
| Biotechnology | Biotechnology (35201010) <i>Supplementary sub-industry:</i> Life Sciences Tools & Services (35203010) |
| Capital Markets | Asset Management & Custody Banks (40203010) Diversified Capital Markets (40203030) Financial Exchanges & Data (40203040) Investment Banking & Brokerage (40203020) |
| Food & Beverage | Agricultural Products (30202010) Brewers (30201010) Distillers & Vintners (30201020) Food Distributors (30101020) Food Retail (30101030) Hypermarkets & Super Centers (30101040) Packaged Foods & Meats (30202030) Soft Drinks (30201030) |
| Healthcare Equipment | Health Care Equipment (35101010) Health Care Supplies (35101020) |
| Health Care Services | Health Care Distributors (35102010) Health Care Facilities (35102020) Health Care Services (35102015) Managed Health Care (35102030) |
| Homebuilders | Homebuilding (25201030) <i>Supplementary sub-industries:</i> Building Products (20102010) Home Furnishings (25201020) Home Improvement Retail (25504030) Homefurnishing Retail (25504060) Household Appliances (25201040) |

Membership Classification (continued)

| S&P Select Industry Index | GICS Sub-Industries (GICS Code) |
|------------------------------------|---|
| Insurance | Insurance Brokers (40301010) Life & Health Insurance (40301020) Multi-Line Insurance (40301030) Property & Casualty Insurance (40301040) Reinsurance (40301050) |
| Internet | Internet & Direct Marketing Retail (25502020) Internet Services & Infrastructure (45102030) Interactive Media & Services (50203010) |
| Metals and Mining | Aluminum (15104010) Coal & Consumable Fuels (10102050) Copper (15104025) Diversified Metals & Mining (15104020) Gold (15104030) Precious Metals & Minerals (15104040) Silver (15104045) Steel (15104050) |
| Oil & Gas Equipment | Oil & Gas Drilling (10101010) Oil & Gas Equipment & Services (10101020) |
| Oil & Gas Exploration & Production | Integrated Oil & Gas (10102010) Oil & Gas Exploration & Production (10102020) Oil & Gas Refining & Marketing (10102030) |
| Pharmaceuticals | Pharmaceuticals (35202010) |
| Regional Banks | Regional Banks (40101015) |
| Retail | Apparel Retail (25504010) Automotive Retail (25504050) Computer & Electronic Retail (25504020) Department Stores (25503010) Drug Retail (30101010) Food Retailers (30101030) General Merchandise Stores (25503020) Hypermarkets & Super Centers (30101040) Internet & Direct Marketing Retail (25502020) Specialty Stores (25504040) |
| Semiconductors | Semiconductors (45301020) <i>Supplementary sub-industry:</i> Semiconductor Equipment (45301010) |
| Software & Services | Application Software (45103010) Data Processing & Outsourced Services (45102020) Interactive Home Entertainment (50202020) IT Consulting & Other Services (45102010) Systems Software (45103020) |
| Technology Hardware | Electronic Components (45203015) Electronic Equipment & Instruments (45203010) Technology Hardware, Storage & Peripherals (45202030) |
| Telecom | Alternative Carriers (50101010) Communications Equipment (45201020) Integrated Telecom Services (50101020) Wireless Telecomm Services (50102010) |
| Transportation | Air Freight & Logistics (20301010) Airlines (20302010) Airport Services (20305010) Highways & Rail tracks (20305020) Marine (20303010) Marine Ports & Services (20305030) Railroads (20304010) Trucking (20304020) |

Index Construction

Approaches

The index series is equal-weighted, with adjustments to individual constituent weights to ensure concentration and liquidity requirements.

Constituent Weightings

At each quarterly rebalancing, stocks are initially equally-weighted using closing prices as of the second Friday of the last month of the quarter as the reference price. Adjustments are then made to ensure that there are no individual constituents whose weight in an index exceeds the value that can be traded in a single day for a given theoretical portfolio value as detailed below. Theoretical portfolio values are reviewed annually. Any updates are made at the discretion of the Index Committee and announced to clients with ample lead time.

| S&P Select Industry Index | Theoretical Portfolio Value |
|--|------------------------------------|
| S&P Aerospace & Defense Select Industry Index | \$500,000,000 |
| S&P Banks Select Industry Index | \$2,000,000,000 |
| S&P Biotechnology Select Industry Index | \$2,000,000,000 |
| S&P Capital Markets Select Industry Index | \$500,000,000 |
| S&P Food & Beverage Select Industry Index | \$500,000,000 |
| S&P Health Care Services Select Industry Index | \$500,000,000 |
| S&P Healthcare Equipment Select Industry Index | \$500,000,000 |
| S&P Homebuilders Select Industry Index | \$2,000,000,000 |
| S&P Insurance Select Industry Index | \$1,000,000,000 |
| S&P Internet Select Industry Index | \$500,000,000 |
| S&P Metals and Mining Select Industry Index | \$1,000,000,000 |
| S&P Oil & Gas Equipment Select Industry Index | \$500,000,000 |
| S&P Oil & Gas Exploration & Production Select Industry Index | \$2,000,000,000 |
| S&P Pharmaceuticals Select Industry Index | \$1,000,000,000 |
| S&P Regional Banks Select Industry Index | \$2,000,000,000 |
| S&P Retail Select Industry Index | \$1,000,000,000 |
| S&P Semiconductors Select Industry Index | \$500,000,000 |
| S&P Software & Services Select Industry Index | \$500,000,000 |
| S&P Technology Hardware Select Industry Index | \$500,000,000 |
| S&P Telecom Select Industry Index | \$500,000,000 |
| S&P Transportation Select Industry Index | \$500,000,000 |

S&P Dow Jones Indices calculates a maximum basket liquidity weight for each constituent in the index using the ratio of its three-month median daily value traded to the theoretical portfolio value. Each constituent's weight in the index is, then, compared to its maximum basket liquidity weight and is set to the lesser of its maximum basket liquidity weight or its initial equal weight. All excess weight is redistributed across the index to the uncapped stocks.

If necessary, a final adjustment is made to ensure that no stock in the index has a weight greater than 4.5%. This step of the iterative weighting process may force the weight of those stocks limited to their maximum basket liquidity weight to exceed that weight. In such cases, S&P Dow Jones Indices will make no further adjustments. If any of the S&P Select Industry Indices contain exactly 22 stocks as of the rebalancing effective date, the index is equally weighted without basket liquidity constraints.

Index Calculations

Each index is calculated by means of the divisor methodology used for all S&P Dow Jones Indices equity indices.

For more information on the Index calculation methodology, please refer to the Equal Weighted Indices section of S&P Dow Jones Indices' Index Mathematics Methodology.

Index Maintenance

Rebalancing

Index membership is reviewed quarterly. Rebalancings occur after the closing on the third Friday of the quarter ending month. The reference date for additions and deletions is after the closing of the last trading date of the previous month. Closing prices as of the second Friday of the last month of the quarter are used for setting index weights.

Additions. Stocks are added between rebalancings only if a deletion in the index causes the stock count to fall below 22. In those cases, each stock deletion is accompanied with a stock addition. The new stock will be added to the index at the weight of the deleted stock.

In the case of spin-offs, the S&P Select Industry Indices will follow the S&P TMI's treatment of the action.

Deletions. A stock is deleted from an S&P Select Industry Index if the S&P TMI drops the stock. If a stock deletion causes the number of stocks in the relevant index to fall below 22, each stock deletion is accompanied with a corresponding stock addition.

In the case of mergers involving two index constituents, the merged entity will remain in the index provided that it meets all general eligibility requirements. The merged entity will be added to the index at the weight of the stock deemed to be the surviving stock in the transaction (i.e. the surviving stock will not experience a weight change and its subsequent weight will not be equal to that of the pre-merger weight of the merged entities).

In case of GICS changes, where a stock does not belong to a qualifying sub-industry after the classification change, it is removed from the relevant index at the next rebalancing.

Index Adjustments

| S&P TMI Action | Adjustment Made to Index | Divisor Adjustment? |
|----------------------|---|---|
| Constituent Deletion | If the constituent is a member of the index, it is dropped. | Yes |
| Constituent Addition | <p>Only in cases where the deletion causes the stock count to fall below 22 stocks, then the deletion is accompanied by an addition assuming the weight of the dropped stock.</p> <p>If a stock is removed from an index at a price of \$0.00, the stock's replacement will be added to the index at the weight using the previous day's closing value, or the most immediate prior business day that the deleted stock was not valued at \$0.00.</p> <p>In the case of additions due to spin-offs, the S&P Select Industry Indices follow the S&P TMI's treatment of the action.</p> | No, except in the case of stocks removed at \$0.00. |
| GICS Change | None. If, after the GICS change, a stock no longer qualifies to belong to the relevant Select Industry index, it is removed at the next rebalancing. | No |

Corporate Actions

| Corporate Action | Adjustment Made to Index | Divisor Adjustment? |
|--|---|---------------------|
| Spin-Off | In general, both the parent stock and spin-off stocks will remain in the index until the next index rebalancing, regardless of whether they conform to the theme of the index. | No |
| Rights Offering | The price is adjusted to the Price of the Parent Company minus (the Price of the Rights Subscription/Rights Ratio). Index Shares change so that the company's weight remains the same as its weight before the rights offering. | No |
| Stock Dividend, Stock Split, Reverse Stock Split | Index Shares are multiplied by and price is divided by the split factor. | No |
| Share Issuance or Share Repurchase | None. | No |
| Special Dividends | Price of the stock making the special dividend payment is reduced by the per share special dividend amount after the close of trading on the day before the dividend ex-date. | Yes |

For more information on Corporate Actions, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Currency of Calculation and Additional Index Return Series

The indices are calculated in U.S. dollars.

In addition to the indices detailed in this methodology, additional return series versions of the indices may be available, including, but not limited to: currency, currency hedged, decrement, fair value, inverse, leveraged, and risk control versions. For a list of available indices, please refer to [S&P DJI's All Indices by Methodology Report](#).

For information on the calculation of different types of indices, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

For the inputs necessary to calculate certain types of indices, including decrement, dynamic hedged, fair value, and risk control indices, please refer to the Parameters documents available at www.spdji.com.

Base Dates and History Availability

Index history availability, base dates and base values are shown in the table below.

| S&P Select Industry Index | Launch Date | First Value Date | Base Date | Base Value |
|------------------------------------|-------------|------------------|------------|------------|
| Aerospace & Defense | 06/19/2006 | 12/17/1999 | 12/17/1999 | 1000 |
| Banks | 09/09/2011 | 06/20/2003 | 06/20/2003 | 1000 |
| Biotechnology | 01/27/2006 | 12/17/1999 | 12/17/1999 | 1000 |
| Capital Markets | 09/09/2011 | 06/20/2003 | 06/20/2003 | 1000 |
| Food & Beverage | 12/22/2008 | 12/17/1999 | 12/17/1999 | 1000 |
| Healthcare Equipment | 06/19/2006 | 12/17/1999 | 12/17/1999 | 1000 |
| Health Care Services | 06/19/2006 | 12/17/1999 | 12/17/1999 | 1000 |
| Homebuilders | 01/27/2006 | 12/17/1999 | 12/17/1999 | 1000 |
| Insurance | 09/09/2011 | 06/20/2003 | 06/20/2003 | 1000 |
| Internet | 02/01/2016 | 06/17/2005 | 06/17/2005 | 1000 |
| Metals and Mining | 06/19/2006 | 12/17/1999 | 12/17/1999 | 1000 |
| Oil & Gas Equipment | 06/19/2006 | 12/17/1999 | 12/17/1999 | 1000 |
| Oil & Gas Exploration & Production | 06/19/2006 | 12/17/1999 | 12/17/1999 | 1000 |

| S&P Select Industry Index | Launch Date | First Value Date | Base Date | Base Value |
|--------------------------------------|--------------------|-------------------------|------------------|-------------------|
| Pharmaceuticals | 06/19/2006 | 12/17/1999 | 12/17/1999 | 1000 |
| Regional Banks | 09/09/2011 | 06/20/2003 | 06/20/2003 | 1000 |
| Retail | 06/19/2006 | 12/17/1999 | 12/17/1999 | 1000 |
| Semiconductors | 01/27/2006 | 12/17/1999 | 12/17/1999 | 1000 |
| Software & Services | 09/19/2011 | 06/20/2003 | 06/20/2003 | 1000 |
| Technology Hardware | 06/19/2006 | 12/17/1999 | 12/17/1999 | 1000 |
| Telecom | 06/19/2006 | 12/17/1999 | 12/17/1999 | 1000 |
| Transportation | 06/19/2006 | 12/17/1999 | 12/17/1999 | 1000 |

Index Data

Calculation Return Types

S&P Dow Jones Indices calculates multiple return types which vary based on the treatment of regular cash dividends. The classification of regular cash dividends is determined by S&P Dow Jones Indices.

- Price Return (PR) versions are calculated without adjustments for regular cash dividends.
- Gross Total Return (TR) versions reinvest regular cash dividends at the close on the ex-date without consideration for withholding taxes.
- Net Total Return (NTR) versions, if available, reinvest regular cash dividends at the close on the ex-date after the deduction of applicable withholding taxes.

In the event there are no regular cash dividends on the ex-date, the daily performance of all three indices will be identical.

For a complete list of indices available, please refer to the daily index levels file (“SDL”).

For more information on the classification of regular versus special cash dividends as well as the tax rates used in the calculation of net return, please refer to S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology.

For more information on the calculation of return types, please refer to S&P Dow Jones Indices’ Index Mathematics Methodology.

Index Governance

Index Committee

The Americas Thematic and Strategy Index Committee maintains the S&P Select Industry Indices. All committee members are full-time professional members of S&P Dow Jones Indices' staff. The committee meets regularly. At each meeting, the Index Committee reviews pending corporate actions that may affect index constituents, statistics comparing the composition of the indices to the market, companies that are being considered as candidates for addition to an index, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting companies, treatment of dividends, share counts or other matters.

S&P Dow Jones Indices considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Index Policy

Announcements

All index constituents are evaluated daily for data needed to calculate index levels and returns. All events affecting the daily index calculation are typically announced in advance via the Index Corporate Events report (.SDE), delivered daily via to all clients. Any unusual treatment of a corporate action or short notice of an event may be communicated via email to clients. All methodology changes are posted to S&P Dow Jones Indices' Web site and announced via email to all clients. The latest available version is posted on the Web site at www.spdji.com.

For more information, please refer to the Announcements section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Pro-forma Files

In addition to the corporate events file (.SDE), S&P Dow Jones Indices provides constituent pro-forma files each time the indices rebalance. The pro-forma file is typically provided daily in advance of the rebalancing date and contains all constituents and their corresponding weights and index shares effective for the upcoming rebalancing. Since index shares are assigned based on prices five business days prior to the rebalancing, the actual weight of each stock at the rebalancing differs from these weights due to market movements.

Please visit www.spdji.com for a complete schedule of rebalancing timelines and pro-forma delivery times.

Holiday Schedule

The index is calculated all business days of the year when the U.S. equity market is open.

A complete holiday schedule for the year is available at www.spdji.com.

Rebalancing

The Index Committee may change the date of a given rebalancing for reasons including market holidays occurring on or around the scheduled rebalancing date. Any such change will be announced with proper advance notice where possible.

Unexpected Exchange Closures

For information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Recalculation Policy

For information on the recalculation policy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Contact Information

For questions regarding an index, please contact: index_services@spglobal.com.

Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at www.spdji.com, major quote vendors (see codes below), numerous investment-oriented Web sites, and various print and electronic media.

Tickers

The table below lists headline indices covered by this document. All versions of the below indices that may exist are also covered by this document. Please refer to [S&P DJI's All Indices by Methodology Report](#) for a complete list of indices covered by this document.

| S&P Select Industry Index | Bloomberg | RIC |
|------------------------------------|-----------|----------|
| Aerospace & Defense | SPSIAD | .SPSIAD |
| Banks | SPSIBK | .SPSIBK |
| Biotechnology | SPSIBI | .SPBIO |
| Capital Markets | SPSICM | .SPSICM |
| Food & Beverage | SPSIFBUP | .SPSIFB |
| Healthcare Equipment | SPSIHE | .SPSIHE |
| Health Care Services | SPSIHP | .SPSIHP |
| Homebuilders | SPSIHO | .SPHOME |
| Insurance | SPSIINS | .SPSIINS |
| Internet | SPSIIN | .SPSIIN |
| Metals and Mining | SPSIMM | .SPSIMM |
| Oil & Gas Equipment | SPSIOS | .SPSIOS |
| Oil & Gas Exploration & Production | SPSIOP | .SPSIOP |
| Pharmaceuticals | SPSIPH | .SPSIPH |
| Regional Banks | SPSIRBK | .SPSIRBK |
| Retail | SPSIRE | .SPSIRE |
| Semiconductors | SPSISC | .SPSEMI |
| Software & Services | SPSISS | .SPSISS |
| Technology Hardware | SPSICH | .SPSICH |
| Telecom | SPSITE | .SPSITE |
| Transportation | SPSITN | .SPSITN |

Index Data

Daily constituent and index level data are available via subscription.

For product information, please contact S&P Dow Jones Indices, www.spdji.com/contact-us.

Web site

For further information, please refer to S&P Dow Jones Indices' Web site at www.spdji.com.

Appendix I

The S&P Select Industry Indices listed below have different float-adjusted market capitalization and float-adjusted liquidity ratio criteria used for index inclusion and exclusion.

Index Inclusion Criteria

| Index | Float-adjusted Market Capitalization and Float-adjusted Liquidity Ratio |
|-----------|--|
| Banks | Float-adjusted market cap above US \$2 billion and float-adjusted liquidity ratio above 100% |
| Insurance | Float-adjusted market cap above US \$2 billion and float-adjusted liquidity ratio above 90% |

Index Exclusion Criteria

| Index | Float-adjusted Market Capitalization and Float-adjusted Liquidity Ratio |
|-----------|--|
| Banks | Float-adjusted market cap below US \$1 billion or float-adjusted liquidity ratio below 50% |
| Insurance | Float-adjusted market cap below US \$1 billion or float-adjusted liquidity ratio below 50% |

Appendix II

Float-Adjusted Market Capitalization Indices

S&P Dow Jones Indices also calculates a version of each headline index using a float-adjusted market capitalization weighting scheme, as detailed in the table below.

| Headline Index | Float-Adjusted Market Capitalization Weighted Index |
|--|--|
| S&P Aerospace & Defense Select Industry Index | S&P Aerospace & Defense Select Industry FMC Index (USD) |
| S&P Banks Select Industry Index | S&P Banks Select Industry FMC Index (USD) |
| S&P Biotechnology Select Industry Index | S&P Biotechnology Select Industry FMC Index (USD) |
| S&P Capital Markets Select Industry Index | S&P Capital Markets Select Industry FMC Index (USD) |
| S&P Food & Beverage Select Industry Index | S&P Food & Beverage Select Industry FMC Index (USD) |
| S&P Health Care Services Select Industry Index | S&P Health Care Services Select Industry FMC Index (USD) |
| S&P Healthcare Equipment Select Industry Index | S&P Healthcare Equipment Select Industry FMC Index (USD) |
| S&P Homebuilders Select Industry Index | S&P Homebuilders Select Industry FMC Index (USD) |
| S&P Insurance Select Industry Index | S&P Insurance Select Industry FMC Index (USD) |
| S&P Internet Select Industry Index | S&P Internet Select Industry FMC Index (USD) |
| S&P Metals and Mining Select Industry Index | S&P Metals and Mining Select Industry FMC Index (USD) |
| S&P Oil & Gas Equipment Select Industry Index | S&P Oil & Gas Equipment Select Industry FMC Index (USD) |
| S&P Oil & Gas Exploration & Production Select Industry Index | S&P Oil & Gas Exploration & Production Select Industry FMC Index (USD) |
| S&P Pharmaceuticals Select Industry Index | S&P Pharmaceuticals Select Industry FMC Index (USD) |
| S&P Regional Banks Select Industry Index | S&P Regional Banks Select Industry FMC Index (USD) |
| S&P Retail Select Industry Index | S&P Retail Select Industry FMC Index (USD) |
| S&P Semiconductors Select Industry Index | S&P Semiconductors Select Industry FMC Index (USD) |
| S&P Software & Services Select Industry Index | S&P Software & Services Select Industry FMC Index (USD) |
| S&P Technology Hardware Select Industry Index | S&P Technology Hardware Select Industry FMC Index (USD) |
| S&P Telecom Select Industry Index | S&P Telecom Select Industry FMC Index (USD) |
| S&P Transportation Select Industry Index | S&P Transportation Select Industry FMC Index (USD) |

These float-adjusted market capitalization weighted versions follow the same eligibility criteria, index composition and index maintenance procedures as the headline indices with three exceptions:

1. **Corporate Actions.** These indices follow the corporate actions treatment for float-adjusted market capitalization weighted indices. For further information, please refer to the Capitalization Weighted Indices section of S&P Dow Jones Indices' Index Mathematics Methodology.
2. **Constituent Weightings.** Index constituents are weighted by their float-adjusted market capitalization. For further information, please refer to S&P Dow Jones Indices Float-Adjustment Methodology.
3. **Index Calculations.** These indices follow the index calculation methodology for float-adjusted market capitalization weighted indices. For further information, please refer to the Capitalization Weighted Indices section of S&P Dow Jones Indices' Index Mathematics Methodology.

Appendix III

Methodology Changes

Methodology changes since January 1, 2015 are as follows:

| Change | Effective Date (After Close) | Previous | Methodology Updated |
|---|------------------------------|---|--|
| Membership Classification: Software & Services | 09/21/2018 | GICS sub-industries: <ul style="list-style-type: none"> Application Software (45103010) Data Processing & Outsourced Services (45102020) Home Entertainment Software (45103030) IT Consulting & Other Services (45102010) Systems Software (45103020) | GICS sub-industries: <ul style="list-style-type: none"> Application Software (45103010) Data Processing & Outsourced Services (45102020) Interactive Home Entertainment (50202020) IT Consulting & Other Services (45102010) Systems Software (45103020) |
| Membership Classification: Internet | 09/21/2018 | GICS sub-industries: <ul style="list-style-type: none"> Internet & Direct Marketing Retail (25502020) Internet Software & Services (45101010) | GICS sub-industries: <ul style="list-style-type: none"> Internet & Direct Marketing Retail (25502020) Internet Services & Infrastructure (45102030) Interactive Media & Services (50203010) |
| Membership Classification: Capital Markets | 09/16/2016 | GICS sub-industries: <ul style="list-style-type: none"> Asset Management & Custody Banks (40203010) Diversified Capital Markets (40203030) Investment Banking & Brokerage (40203020) | Stocks belonging to Financial Exchanges & Data (40203040) are now eligible for index membership. |
| Membership Classification: Internet | 09/16/2016 | GICS sub-industries: <ul style="list-style-type: none"> Internet Retail (25502020) Internet Software & Services (45101010) | Internet Retail (25502020) is now called Internet & Direct Marketing Retail. |
| Membership Classification: Metals and Mining | 09/16/2016 | GICS sub-industries: <ul style="list-style-type: none"> Aluminum (15104010) Coal & Consumable Fuels (10102050) Diversified Metals & Mining (15104020) Gold (15104030) Precious Metals & Minerals (15104040) Silver (15104045) Steel (15104050) | Stocks belonging to Copper (15104025) are now eligible for index membership. |
| Membership Classification: Retail | 09/16/2016 | GICS sub-industries: <ul style="list-style-type: none"> Apparel Retail (25504010) Automotive Retail (25504050) Catalog Retail (25502010) Computer & Electronic Retail (25504020) Department Stores (25503010) Drug Retail (30101010) Food Retailers (30101030) General Merchandise Stores (25503020) Hypermarkets & Super Centers (30101040) Internet Retail (25502020) Specialty Stores (25504040) | Stocks belonging to Catalog Retail (25502010) are no longer eligible for index membership. Internet Retail (25502020) is now called Internet & Direct Marketing Retail. |
| Membership Classification: Technology Hardware | 06/17/2016 | GICS sub-industries are broken out into primary and supplementary sub-industries <i>Primary sub-industry:</i> <ul style="list-style-type: none"> Technology Hardware, Storage & Peripherals (45202030) <i>Supplementary sub-industry:</i> <ul style="list-style-type: none"> Electronic Equipment & Instruments (45203010) Electrical Components & Equipment (20104010) | All three eligible sub-industries are designated as primary sub-industries. In addition, Electrical Components & Equipment (20104010) is replaced by Electronic Components (45203015). |
| Index Name: Computer Hardware to Technology Hardware | 06/17/2016 | S&P Computer Hardware Select Industry Index | S&P Technology Hardware Select Industry Index |

| Change | Effective Date (After Close) | Previous | Methodology | Updated |
|---|---------------------------------|---|-------------|--|
| Membership Classification: Software & Services | 06/17/2016 | GICS sub-industries: <ul style="list-style-type: none"> • Application Software (45103010) • Data Processing & Outsourced Services (45102020) • Home Entertainment Software (45103030) • Internet Software & Services (45101010) • IT Consulting & Other Services (45102010) • Systems Software (45103020) | | Stocks belonging to Internet Software & Services (45101010) are no longer eligible for index membership. |
| Treatment of Multiple Share Class Companies | 12/18/2015 | A number of companies in the S&P TMI are represented by multiple share class lines. To determine eligibility for the S&P Select Industry Indices, the float-adjusted market capitalization of each share class line of multiple class companies is combined to arrive at a company float-adjusted market capitalization figure. The liquidity of each individual share class line is evaluated independently based on the float-adjusted market capitalization of that individual line. If an individual share class line of a multiple share class company does not meet the liquidity criteria, the remaining share class line has its float-adjusted market capitalization reevaluated independently to ensure that it continues to meet the size criteria on its own. | | Some companies may have more than one share class line in the S&P TMI. In the S&P Select Industry Indices, each company is represented once by the primary listing, which is generally the most liquid share line. |
| Treatment of Supplementary Sub-Industry Companies | 12/18/2015 | Companies from supplementary sub-industries meeting the relevant market capitalization and liquidity thresholds are included in order of their float-adjusted market capitalization until the minimum constituent count of 35 companies is met. Supplementary companies are deleted from the index at subsequent rebalancings only if they are replaced by a qualifying company derived from the index's primary sub-industry universe or if a non-index supplementary sub-industry company has a float-adjusted market cap greater than the smallest supplementary company currently belonging to the index, as of the rebalancing reference date. No buffer is applied. | | Stocks from the supplementary sub-industries are selected by the following process. 1. All eligible primary stocks are added to the index. 2. If there are 35 or more eligible primary stocks, then any supplementary stocks currently in the index are deleted. 3. If after step 1 there are less than 35 eligible primary stocks, then supplementary stocks meeting the relevant market capitalization and liquidity thresholds are added in order of their float-adjusted market capitalization from largest to smallest until the minimum constituent count of 35 stocks is met. 4. A buffer is applied in step 3 such that a supplementary stock being added must have a float-adjusted market cap greater than 1.2 times (or 20% higher than) the supplementary stock it is replacing. This buffer is evaluated on each supplementary stock addition relative to the current supplementary stock it is replacing. For example, the largest non-index supplementary stock by float-adjusted market capitalization is evaluated against the smallest supplementary index constituent, the second largest non-index supplementary stock is evaluated against the second smallest supplementary index constituent, etc. This process is repeated until no supplementary additions exceed the buffer. |

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| Rebalancing Weighting Scheme | 12/18/2015 | S&P Dow Jones Indices calculates a maximum basket liquidity weight for each constituent in the index using the ratio of its three-month average daily value traded to a \$500,000,000 portfolio value. | <p>S&P Dow Jones Indices calculates a maximum basket liquidity weight for each constituent in the index using the ratio of its three-month median daily value traded to the theoretical portfolio value.</p> <p>Current theoretical portfolio values used are as follows:</p> <ul style="list-style-type: none"> • S&P Aerospace & Defense Select Industry Index: \$500,000,000 • S&P Banks Select Industry Index: \$2,000,000,000 • S&P Biotechnology Select Industry Index: \$2,000,000,000 • S&P Capital Markets Select Industry Index: \$500,000,000 • S&P Computer Hardware Select Industry Index: \$500,000,000 • S&P Food & Beverage Select Industry Index: \$500,000,000 • S&P Health Care Services Select Industry Index: \$500,000,000 • S&P Healthcare Equipment Select Industry Index: \$500,000,000 • S&P Homebuilders Select Industry Index: \$2,000,000,000 • S&P Insurance Select Industry Index: \$1,000,000,000 • S&P Metals and Mining Select Industry Index: \$1,000,000,000 • S&P Oil & Gas Equipment Select Industry Index: \$500,000,000 • S&P Oil & Gas Exploration & Production Select Industry Index: \$2,000,000,000 • S&P Pharmaceuticals Select Industry Index: \$1,000,000,000 • S&P Regional Banks Select Industry Index: \$2,000,000,000 • S&P Retail Select Industry Index: \$1,000,000,000 • S&P Semiconductors Select Industry Index: \$500,000,000 • S&P Software & Services Select Industry Index: \$500,000,000 • S&P Telecom Select Industry Index: \$500,000,000 • S&P Transportation Select Industry Index: \$500,000,000 |

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